

News Release

RECENT INSURANCE FRAUD CASES RESULT IN STIFF PENALTIES

KOI head applauds response from judges, prosecutors

FRANKFORT, Ky. (Feb. 16, 2006) – Insurance fraud is a recurring problem, and all citizens pay the cost. However, recent Kentucky court actions indicate judges are increasingly handing out stiff sentences for insurance fraud-related crimes.

“We hope the word is getting out that insurance fraud will not be tolerated in Kentucky,” said Glenn Jennings, executive director of the Kentucky Office of Insurance (KOI).

Garrett Edward Hunter, of Marion, was eligible to receive workers’ compensation for an injury suffered by his wife before her death in 1982. Benefits would continue for his lifetime or until he remarried. Hunter did remarry in 1996 but continued to assert to Old Republic Insurance Co. that he was a widower. He fraudulently collected more than \$19,000.

Hunter pleaded guilty to felony charges of insurance fraud and of being a persistent felony offender. A Crittenden County judge sentenced him to five years in prison and ordered him to pay court costs of \$150, a public defender fee of \$1,250 and all costs of incarceration.

“We are extremely pleased to see judges hand down some strict sentences and to see prosecutors actively pursuing these cases,” Jennings said. “This sends a message that Kentucky is aggressively pursuing cases of insurance fraud, and those who are caught won’t get a slap on the wrist. They will pay for the crime.”

An insurance card counterfeiting ring in Louisville got the message loud and clear. Shavonne Coleman, of Louisville, sold phony proof-of-insurance cards and/or certificates to Sonya Maddox, Lakei Myers, Donald Pitteard and Desmoines Arthur, all of Louisville, and Patrice Wilson, of Cleveland. The cards and certificates were used for registering vehicles.

Coleman pleaded guilty to 19 felony counts of insurance fraud, 35 felony counts of theft by deception and one count of unlawful access of a computer. She was sentenced to 12 years in prison, probated for five years.

The others pleaded guilty to misdemeanor fraud counts and were sentenced to six months in prison, conditionally discharged for two years.

The defendants, jointly and severally, were ordered to reimburse the KOI Insurance Fraud Investigation Division \$4,650 for the cost of the investigation.

Jennings noted that William Kerry Browning, a former insurance agent, received a 10-year prison sentence in Edmonson Circuit Court for pocketing \$13,000 in insurance premiums.

In two 2005 workers’ compensation insurance cases, Gary King Trucking, of Lee County, and Boone Mountain Services, of Letcher County, were found guilty of insurance fraud and ordered to pay fines and restitution.

Gary King, of the trucking company, gave false information to Kentucky Employers’ Mutual Insurance (KEMI) by omitting details of his logging operations when applying for workers’ compensation insurance. He paid over \$43,000 in restitution to KEMI and a \$10,000 fine to KOI.

Boone Mountain Services underreported its payroll to KEMI and paid over \$340,000 in restitution. The company was fined \$100,000 with \$25,000 paid immediately to KOI and the remainder probated for two years. In addition, Boone paid court costs and \$2,500 to a victims’ fund.

The Coalition Against Insurance Fraud reports that insurance fraud costs Americans at least \$80 billion a year. The group also reports that criminal convictions increased 31 percent in 2004.

